IRS News Release

Internal Revenue Service
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IRS joins leading New York nonprofit groups to highlight special charitable tax benefit available through Dec. 31

Special rule helps most New Yorkers get a deduction of up to $600 for gifts to charity; New York Council of Nonprofits and Nonprofit New York highlight how donations can help the nation's charitable community

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Albany — The Internal Revenue Service joined today with New York-based nonprofit groups to highlight a special tax provision that allows more people to deduct donations to qualifying charities on their 2021 federal income tax return.

New York Council of Nonprofits, Inc. (NYCON) and Nonprofit New York joined with the IRS to highlight this pandemic-related provision where married couples filing jointly can deduct up to $600 in cash donations and individual taxpayers can deduct up to $300 in donations.

Under the temporary law, taxpayers don't need to itemize deductions on their tax returns to take advantage of this, which creates tax-favorable donation options not normally available to about 90 percent of tax filers. Ordinarily, people who choose to take the standard deduction cannot claim a deduction for their charitable contributions. But this special provision permits them to claim a limited deduction on their 2021 federal income tax returns for cash contributions made to qualifying charitable organizations by year's end, Dec. 31, 2021.

At a time when many charitable groups are struggling during the pandemic, the IRS highlights the new provision and urges people to make sure they donate to a qualifying charity. The special Tax Exempt Organization Search tool on IRS.gov can help people make sure they donate to a qualified charity.

"The pandemic has created unique challenges for tax-exempt organizations, and we also want to make sure people don't overlook this special tax deduction that's available this year," said IRS Spokesperson Robert Marvin. "Donations to qualifying charities can reduce people's tax bill when they file in 2022."

Leaders from NYCON and Nonprofit New York highlighted that the special tax provision can provide additional assistance to organizations hit hard by the pandemic. Some groups have seen reduced charitable donations and others have seen increased demand for their services during this unprecedented period.

"Throughout the pandemic, we have witnessed firsthand how New York's nonprofits have risen to the challenge as the need for services increased," explained NYCON CEO Doug Sauer. "We welcome the opportunity to join with the IRS to highlight the universal deduction for non-itemizers until year-end. We hope New Yorkers will dig a bit deeper this year to support the charitable organizations they value and who continue to work tirelessly in pursuit of their missions."

“We know that nonprofits have stepped up, stepped in, and been one step ahead in helping New Yorkers through the pandemic, while facing decreased revenues and significant new challenges," said Meg Barnette, CEO of Nonprofit New York.

"We hope everyone will take advantage of the universal deduction in the last remaining weeks of the year to support the nonprofits who keep our kids engaged in afterschool programs, create art and green spaces, help put food on the table, build community and make change together. Nonprofits make New York. Every day. In every neighborhood. For every New Yorker," said Barnette.

Included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted in March 2020, a more limited version of this temporary tax benefit originally only applied to tax-year 2020. The Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted last December, generally extended it through the end of 2021.

Nearly nine in 10 taxpayers now take the standard deduction and could potentially qualify. Under this provision, tax year 2021 individual tax filers, including married individuals filing separate returns, can claim a deduction of up to $300 for cash contributions made to qualifying charities during 2021. The maximum deduction is increased to $600 for married individuals filing joint returns.

Cash contributions include those made by check, credit card or debit card as well as amounts incurred by an individual for unreimbursed out-of-pocket expenses in connection with their volunteer services to a qualifying charitable organization. Cash contributions don't include the value of volunteer services, securities, household items or other property.

The IRS reminds taxpayers that to receive a deduction, they must donate to a qualified charity. To check the status of a charity, they can use the IRS Tax Exempt Organization Search tool.

Cash contributions to most charitable organizations qualify for a deduction. But contributions made either to supporting organizations or to establish or maintain a donor advised fund do not. Contributions carried forward from prior years do not qualify, nor do contributions to most private foundations and most cash contributions to charitable remainder trusts.

In general, a donor-advised fund is a fund or account maintained by a charity in which a donor can, because of their donor status, advise the fund on how to distribute or invest amounts contributed by the donor and held in the fund. A supporting organization is a charity that carries out its exempt purposes by supporting other exempt organizations, usually other public charities.

The IRS encourages all donors to be wary of scams masked as charitable solicitations. Criminals create fake charities to take advantage of the public’s generosity. Fake charities once again made the IRS's Dirty Dozen list of tax scams for 2021. In October, the IRS also joined international organizations and other regulators in highlighting the fight against charity fraud.

Keep good records

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Special recordkeeping rules apply to any taxpayer claiming a charitable contribution deduction. Usually, this includes obtaining an acknowledgment letter from the charity before filing a return and retaining a cancelled check or credit card receipt for contributions of cash.

For details on the recordkeeping rules for substantiating gifts to charity, see Publication 526, Charitable Contributions, available on IRS.gov.

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